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June 22, 2005

Mr. Jack Davis, President
Arizona Public Service
400 East Van Buren
Phoenix, AZ 85004

Dear Mr. Davis:

Yesterday demand for electricity reached a record high, with approximately 10,200 megawatts used during the Valley's peak hour. Together, Arizona Public Service and the Salt River Project met that demand, with a Valley-wide load serving capacity of 11,390 megawatts. The final cushion during the peak hour was roughly 1,000 megawatts. Today, APS and SRP are predicting another all-time high of 10,600 MW.

On May 5, APS informed the Commission that its forecasted peak load for the Valley would be 10,860 MW, which under normal circumstances would occur in the July or August timeframe when temperatures and humidity are at their apex. Given the fact that we have already hit 10,600 MW, do APS and SRP have any plans to revise their summer peak load forecasts? Is the 1,000 MW reserve sufficient to withstand any potential transmission line outages forced by a fire, or other unanticipated event? Do the companies still believe that once the Westwing transformers are installed the Valley will have an adequate supply of power to meet what appears to be greater than anticipated levels of demand? And given the 10,200 MW record set yesterday, has APS done an analysis of its readiness for next summer, or performed a projection of what peak demands will be in the summer of 2006?

Additionally, power loads in the Yuma area appear to be exceptionally high. Yesterday, APS experienced a peak demand of almost 355 MW, with a load-serving capacity of 375 MW, providing the company and its customer with a reserve of roughly 20 MW. Does this provide APS sufficient ability to provide uninterrupted service should a line go down in Yuma? Also, is the company considering any measures aimed at improving the power capacity of the Yuma area, in both the short and long term, through either generation, transmission or some other upgrades? Is the company contemplating conservation requests of its customers, residential or commercial?

Finally, yesterday's Goldwater fire forced APS to de-energize the only 69-kv power line into the town of Ajo. As a result, the Ajo Improvement District, which takes power through APS' line, also lost power. All of Ajo's more than 4,000 residents were without power for three hours. Of

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even greater concern, however, was the fact that the Ajo Improvement District, which provides most of Ajo's power, was apparently not notified of the outage before it was implemented. Can you tell me if this was the case, and if so, why APS failed to notify Ajo Improvement prior to taking the line out of service?

Thank you for addressing these questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Mayes", written in a cursive style.

Kris Mayes
Commissioner

Cc: Chairman Jeff Hatch-Miller
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